GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:179
ANSWERED ON:17.07.2017
Disinvestment of SAIL Plants
Chandrakasi Shri M.

Will the Minister of STEEL be pleased to state:

(a) whether the Government proposes to/has any proposal to sell three plants of Steel Authority of India Limited (SAIL) including the Salem Steel Plant;

(b) if so, the details thereof and the reasons therefor;

(c) the details regarding the steps taken to improve the financial performance of the plants to make them profit earning ones before exploring the possibilities of disinvestment/privatization;

(d) whether any standard criteria has been laid down for disinvestment/ privatization of loss making PSUs and if so, details thereof; and

(e) whether the concerned State Governments would be offered equity ownership before resorting to disinvestment/privatization and if so, the details thereof?

Answer

THE MINISTER OF STATE FOR STEEL (SHRI VISHNU DEO SAI)

(a)&(b): The Government has accorded 'in-principle' approval for strategic disinvestment of three units of Steel Authority of India Ltd. (SAIL) viz, Visveswaraya Iron and Steel Plant, Bhadravati, Salem Steel Plant, Tamil Nadu and Alloy Steel Plant, Durgapur. These three units of SAIL have been consistently making losses.

(c) The details of the significant steps taken by SAIL to improve the financial performance of the three plants are as under:-

(i) Capital investment to improve the facilities;
(ii) Reduction in consumption level of raw materials;
(iii) Production optimization and product-mix improvement ;
(iv) Improvement in techno-economic parameters;
(v) Waste management;
(vi) Strict control on demurrage expenses;
(vii) Reduction in inventory of finished/semi-finished products, stores & spares and raw materials, etc;
(viii) Reduction in logistic cost for transportation of Raw Materials and Finished Steel; and
(ix) Reduction in specific power and water consumption.

(d)&(e): The entire process of the strategic disinvestment is to be carried out with the help of Transaction Adviser (TA), Legal Adviser (LA) and Asset Valuer (AV) who would advice on appropriate mechanism of disinvestment.

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